



**Report on Trends In
Non-Resident
Land Ownership
1994 to 2000**

March 2001

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1. Introduction

The Island Regulatory and Appeals Commission (the Commission), utilizing data from the Provincial Treasury, has prepared a comparative analysis of non-resident land ownership in 1994, 1997 and 2000. This comparative data, in turn, has been used to provide an overview of recent trends in non-resident land ownership in Prince Edward Island. The following report contains the results of that analysis.

For the purposes of this report, given that the source of the data is the Provincial Treasury, the Commission adopted the definition of a resident person and a resident corporation provided in section 24 of the Regulations under the **Real Property Tax Act** R.S.P.E.I. 1988, Cap.R-5. The **Real Property Tax Act** definition is very similar to that used in the **Lands Protection Act**.

24(1) For the purpose of section 5 of the Act

- (a) a person shall be deemed to be a resident person if he resides in the province for 183 consecutive days or more each taxation year;*
- (b) a corporation shall be deemed to be a resident corporation if 50% or more of the voting shares of the corporation are held by persons who qualify as residents under clause (a);*
- (c) joint tenants and tenants in common shall be entitled to the credit if half or more of the tenants qualify as residents under clause (a);*
- (d) a person who is a full-time student in attendance at an approved post-secondary educational institution located outside of the province and whose ordinary residence is in the province shall be deemed to be a resident person.*

All persons and corporations who do not meet the above requirements are "non-residents". The acreage and parcel totals used in this report are those identified by Provincial Treasury as being owned by non-residents for property tax purposes.

2. Provincial Total

- 2.1 Non-resident owned acreage Province wide has decreased from 129,722 acres in 1994 to 115,172 acres in 2000, a net reduction of 14,550 acres (11.2 percent) (Table 1). As a percentage of total acreage in the Province, non-resident owned land has decreased from 10 percent in 1994 to 9 percent in 2000. The percentage of non-resident owned land by number of parcels owned has remained steady at 12 percent from 1994 to 2000.

Table 1
Province Wide Non-Resident Ownership
All School Districts

	1994	1997	2000
Acreage	129,722	116,994	115,172
Percentage of Total Acreage	10%	9%	9%
Percentage of Total Parcels	12%	12%	12%

The attached map identifies the location of non-resident owned land throughout the Province.

- 2.2 As already noted, there has been a fairly substantial decrease in non-resident owned land over the past six years. However, as is evident from Table 1, the bulk of this decrease occurred during the period from 1994 to 1997, while the acreage of non-resident owned land has remained fairly static for the period from 1997 to 2000.
- 2.3 The Commission has, therefore, attempted to identify what took place during the 1994 to 1997 period to cause a decrease of over 12,000 acres in non-resident owned land in the Province. Through discussions with Provincial Treasury officials and reviews of the Commission's files, two events which stand out during this period are the dissolution of the non-resident land holdings of Henderson Lumber (approximately 6,000 acres throughout the Province) and Dundas Farms (approximately 5,500 acres in the central Kings area). These changes of approximately 11,500 acres would account for over 90 percent of the reduction in non-resident ownership experienced in the mid-1990's. Changes of this magnitude are very unique in that few non-residents have holdings of such large size in the Province. It is also unusual for two of these types of holdings to dissolve in the same relatively short time frame.
- 2.4 Once the impact of the Henderson Lumber and Dundas Farms dissolutions are factored out, the level of non-resident owned land in the Province over the 1994 to 2000 period has been relatively stable. This situation has occurred notwithstanding the ongoing application activity under the *Lands Protection Act* which, on average over the six-year period, has seen 99 applications approved each year for non-residents to acquire 3,300 acres of land involving 51,000 feet of shore frontage.
- 2.5 While the Commission cannot provide actual figures on their impact, it believes the following factors may have played a role over the past six years in these trends (i.e. relatively stable non-resident land ownership and fairly high ongoing application activity):
- (a) some transactions for which approval was granted were not completed;
 - (b) a number of approved non-resident acquisitions involve non-resident to non-resident transactions;
 - (c) the recent strength in the agriculture and forestry sectors may have generated increased activity by residents acquiring land from non-residents; and

(d) the non-residents who bought land some years ago for future use as a retirement location are now actually retiring and taking up residence in Prince Edward Island.

- 2.6 While the Commission believes the above noted factors (plus others?) have played a role in the stabilization of the level of non-resident land ownership in the Province in recent years, we are not able, with existing available data, to identify the specific or relative impact each factor has played in this stabilization. It does appear, therefore, that increased monitoring of non-resident land ownership totals, patterns and trends should be considered in view of the changes that are taking place and the differences that can exist between Province wide activity and that in different local areas.

3. County Totals

3.1 Prince County

Non-resident owned acreage in Prince County has experienced a decrease from 36,220 acres in 1994 to 32,060 acres in 2000, a net reduction of 4,160 acres (11.5 percent) (Table 2). As noted above for the Province as a whole, a majority of this decrease took place in the 1994 to 1997 period. As a percentage of total acreage in Prince County, non-resident owned land decreased from 8 percent in 1994 to 7 percent in 2000. The percentage of non-resident owned land, expressed by the number of parcels owned, has decreased slightly in Prince County from 12 percent in 1994 to 11 percent in 2000.

Table 2			
Prince County Non-Resident Ownership			
All Prince County School Districts			
	1994	1997	2000
Acreage	36,220	33,395	32,060
Percentage of Total Acreage	8%	7%	7%
Percentage of Total Parcels	12%	11%	11%

3.2 Queens County

Non-resident owned acreage in Queens County has virtually remained constant from 1994 to 2000, decreasing from 37,978 acres in 1994 to 37,687 acres in 2000, a net reduction of only 291 acres (Table 3). As a percentage of total acreage in Queens County, non-resident owned land has remained steady at 8 percent from 1994 to 2000. The percentage of non-resident owned land, expressed by the number of parcels owned, has also remained steady at 11 percent from 1994 to 2000.

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 - (c) the recent strength in the agriculture and forestry sectors may have generated increased activity by residents acquiring land from non-residents;
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(d) the non-residents who bought land some years ago for future use as a retirement location are now actually retiring and taking up residence in Prince Edward Island.

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Table 3
Queens County Non-Resident Ownership
All Queens County School Districts

	1994	1997	2000
Acreage	37,978	36,498	37,687
Percentage of Total Acreage	8%	8%	8%
Percentage of Total Parcels	11%	11%	11%

3.3 Kings County

Non-resident owned acreage in Kings County has decreased significantly from 55,525 acres in 1994 to 45,425 acres in 2000, a net reduction of 10,100 acres (18.2 percent) (Table 4). Again, as noted for the Province as a whole and for Prince County, the vast majority of this reduction took place in the 1994 to 1997 period. As a percentage of total acreage in Kings County, non-resident owned land has decreased from 14 percent in 1994 to 11 percent in 2000. The percentage of non-resident owned land, expressed by the number of parcels owned, has decreased slightly from 17 percent in 1994 to 16 percent in 2000.

Table 4
Kings County Non-Resident Ownership
All Kings County School Districts

	1994	1997	2000
Acreage	55,525	47,101	45,425
Percentage of Total Acreage	14%	12%	11%
Percentage of Total Parcels	17%	16%	16%

3.4 County-by-County Summary

Based on the information contained in Tables 2, 3 and 4, non-resident land ownership has remained relatively stable in Queens County, while it has declined moderately in Prince County and significantly in Kings County (Table 5). However, non-resident land ownership remains significantly higher, on a percentage basis, in Kings County than in Queens County, Prince County or the Province as a whole.

Table 5
Non-Resident Owned Land
By Acreage (% of Total Acreage)

	1994	1997	2000
Prince County	36,220 (8%)	33,395 (7%)	32,060 (7%)
Queens County	37,978 (8%)	36,498 (8%)	37,687 (8%)
Kings County	55,525 (14%)	47,101 (12%)	45,425 (11%)
Provincial Total	129,722 (10%)	116,994 (9%)	115,172 (9%)

The number of parcels owned by non-residents has increased in each county and the Province as a whole, over the 1994 to 2000 period (Table 6). However, the number of non-resident owned parcels, as a percentage of the total number of parcels, has essentially remained stable throughout the period, as more parcels have been created through the subdivision of existing parcels.

Table 6
Non-Resident Owned Land
By Number of Parcels (% of Total Number of Parcels)

	1994	1997	2000
Prince County	3,459 (12%)	3,412 (11%)	3,507 (11%)
Queens County	4,074 (11%)	4,213 (11%)	4,332 (11%)
Kings County	3,008 (17%)	3,051 (16%)	3,231 (16%)
Provincial Total	10,541 (12%)	10,676 (12%)	11,070 (12%)

4. High Concentration and High Activity Areas of Non-Resident Ownership

4.1 High Non-Resident Ownership Concentration School Districts

To further explore the trends in non-resident land ownership over the period 1994 to 2000, the Commission has identified those school districts where non-residents own 25 percent or more of the total land acreage in the school district as of 2000 (Table 7). There are 19 school districts where non-residents own 25 percent or more of the land and a further 24 where non-residents own between 20 to 24 percent of the land.

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Table 7
High Concentration
Non-Resident Land Ownership
School Districts

School District	1994	1997	2000
(3021) Cable Head West	61%	54%	58%
(2098) Springbrook	42%	42%	43%
(2140) Point Prim	36%	35%	41%
(1007) Foxley River	35%	35%	36%
(2183) Upper Bellecreek	33%	33%	36%
(3040) Rock Barra	38%	35%	34%
(2159) Park Corner	33%	30%	33%
(3139) Panmure Island	33%	31%	32%
(3600) Kings Co. Islands	17%	11%	31%
(3082) Albion	33%	28%	29%
(3015) Greenwich	36%	34%	28%
(2055) St. Catherines	33%	27%	27%
(2135) Wood Islands W.	12%	17%	27%
(3031) St. Margarets	31%	27%	27%
(1019) Skinners Pond	32%	29%	26%
(3001) Georgetown	26%	30%	26%
(3135) Annandale	26%	26%	26%
(2051) Caledonia	27%	25%	25%
(3027) Goose River	29%	26%	25%

The attached map provides more detail on this situation in four high concentration districts and some of their surrounding areas.

4.2 High Non-Resident Activity School Districts

Table 8 identifies those school districts where the percentage of acreage owned by non-residents has increased by 7 percent or more over the past six years. This level of activity is seen to be fairly significant in the relatively short time frame involved. There are 16 such school districts across the Province.

Table 8
School Districts Experiencing High
Non-Resident Activity

School District	1994 Non-Resident Ownership	2000 Non-Resident Ownership	Increase
(2135) Wood Islands West	12%	27%	15%
(3600) Kings County Islands	17%	31%	14%
(2121) Green Road	13%	24%	11%
(3050) East Point	14%	24%	10%
(1078) Chelton	6%	16%	10%
(1114) Woodstock	8%	17%	9%
(3101) Little Sands	8%	17%	9%
(3077) Lorne Valley	13%	22%	9%
(1029) Kildare Capes	16%	24%	8%
(2037) Bellevue	7%	15%	8%
(2061) Brookvale	5%	13%	8%
(2026) Hampton	7%	15%	8%
(2110) Darlington	0%	8%	8%
(3091) Cambridge	8%	15%	7%
(2052) Mount Vernon	13%	20%	7%
(1109) North Carleton	4%	11%	7%

5. Areas of Recent Special Interest

5.1 Point Prim School District

In 1994 the Commission became concerned, given the uniqueness of the area, about the level of non-resident owned land in the Point Prim School District. At that time, non-residents owned approximately 45 percent of the parcels in the Point Prim School District, accounting for approximately 36 percent of the acreage.

During consideration of a non-resident application for the purchase of land in the Point Prim area in 1994 (Application Number N3171), the Commission stated that it *"believes that in this area the threshold (a point where absentee land ownership tends to dominate the land tenure pattern) has been reached. Consequently, future purchases by non-residents in this area should be permitted only under special circumstances."* Application Number N3171 was denied by Executive Council on October 13, 1994.

Of seven subsequent applications by non-residents for acquiring land in the Point Prim School District, six have been denied by Executive Council. In each case, a key factor in the denial has been the existing high level of non-resident ownership.

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Despite these denials, the non-resident owned acreage in the Point Prim School District has increased from 36 percent in 1994 to 41 percent in 2000. The Commission believes the two following factors help to explain this apparent unexpected result:

- Section 1 of the Exemption Regulations (the Regulations) made under the *Prince Edward Island Lands Protection Act* permits non-resident persons to acquire land as a gift, devise or inheritance from a spouse, sibling or direct descendant or ancestor without applying for approval under section 4 of the Act.
- A non-resident person may also acquire, under the provisions of section 4 of the Act, an aggregate land holding up to five acres or having a shore frontage up to one hundred and sixty-five feet without having to apply for permission to do so.

5.2 North Shore Study Area

The Commission carried out a detailed study of a segment of the North Shore of the Province in 1994. The main concern of interest at that time was the amount of shore frontage being acquired by non-residents. The involved North Shore Study Area stretches from Greenwich in the west to East Point in the east and covers approximately 78 kilometres along the Gulf of St. Lawrence. There are 1,738 parcels representing approximately 47,400 acres in 2000 in the study area. For the purpose of the analysis, the area was divided into its eleven school districts.

Comparing the North Shore Study Area data from 1994, 1997 and 2000, the Commission has found that the level of non-resident ownership in the area measured in numbers of parcels, amount of acreage and length of shore frontage has remained relatively static (Table 9). For example, over this six-year period, the average percent of non-resident owned parcels was approximately 29 percent. Non-resident owned acreage was approximately 24 percent. The average amount of shore frontage owned by non-residents during 1997 to 2000 (no available data for 1994), however, continues to be very high at 48 percent.

Table 9
Non-Resident Ownership
North Shore Study Area (NSSA)

	1994	1997	2000
Acreage	11,281	11,074	11,213
Percentage of Total Acreage	25%	24%	24%
Percentage of Total Parcels	30%	29%	29%

While the overall numbers have been fairly static over the last six years, there continues to be an active market for land (particularly shore frontage) in this area (note attached map). An increasing amount of this activity involves non-resident sales to other non-residents at substantially increased prices.

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5.2 North Shore Study Area

The Commission carried out a detailed study of a segment of the North Shore of the Province in 1994. The main concern of interest at that time was the amount of shore frontage being acquired by non-residents. The involved North Shore Study Area stretches from Greenwich in the west to East Point in the east and covers approximately 78 kilometres along the Gulf of St. Lawrence. There are 1,738 parcels representing approximately 47,400 acres in 2000 in the study area. For the purpose of the analysis, the area was divided into its eleven school districts.

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6. Historical Perspective

In examining the trends in non-resident land acquisition over the period 1994 to 2000, it is useful to contrast these relatively recent figures with the situation experienced in the Province in the early 1970s. There are three reports, which can be referred to provide a useful "snapshot" of province-wide non-resident land ownership in 1970, 1973 and 1975, as well as some predictions of what was expected to happen. In addition, data prepared for the Royal Commission (1990) also provides a more recent historical perspective.

In the *Report of the Committee on Land Acquisition and Land Transfer to Non-Resident Corporations and Private Individuals, March 1971*, it was noted that, as of mid-December 1970, approximately 72,000 acres representing 5.13 percent of the Province's acreage was owned by non-residents. Using a "*partial containment policy*", it was predicted that by the year 2000 as much as **204,000 acres representing 14.5 percent of the Province's acreage** would be owned by non-residents.

In the *Report of the Prince Edward Island Royal Commission on Land Ownership and Land Use (1973)*, it was revealed that, as of March 2, 1973, at least 89,000 acres representing 6.3 percent of the Province's total acreage was owned by non-residents. It was stated "... a continuation of the 1972 rate of purchase under present restrictions would place **more than 25 percent of the Island in non-resident hands by the year 2000.**"

In the report titled "*Non-Resident Land Ownership Legislation and Administration in Prince Edward Island*", prepared jointly by the P.E.I. Land Use Service Centre and the Maritime Resource Management Service, Council of Maritime Premiers, for the Land Directorate of Environment Canada, in March 1978, it was indicated that by July of 1975, non-resident acreage in the Province had risen to **108,633 acres representing 7.76 percent of the Province's total acreage.**

Based on the above reports, one might expect that non-residents would now own roughly 15 to 25 percent of the Province's acreage.

However, data prepared for the Report of the Royal Commission on the Land (1990) seems to suggest that the annual rate of increase in non-resident land acreage had slowed considerably at some point between 1975 and 1988. Information prepared for the Royal Commission (1990) by the Institute of Island Studies noted that by 1988, 139,853 acres of land in the Province were owned by non-residents. Information prepared by the same Royal Commission, based on computerized taxation records from the Real Property Records Division in the Department of Finance, indicated that non-residents owned 136,956 acres of land in the Province. While the Royal Commission's Report did not express these figures in terms of a percentage of the total acreage in the Province, it would appear that approximately 10 percent of the Province's total acreage was owned by non-residents in the 1988 to 1990 period.



7. Conclusions

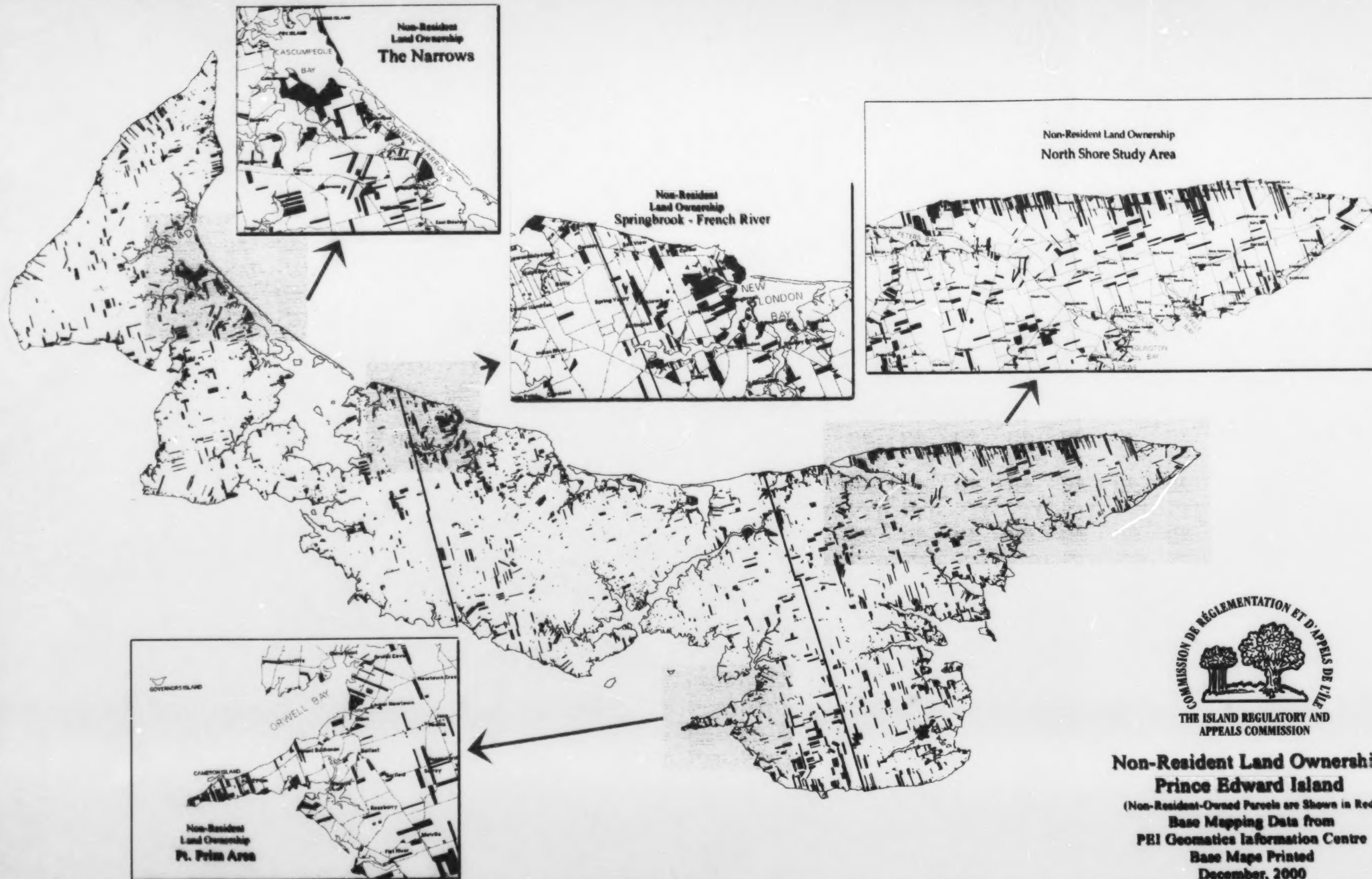
The Commission notes that non-resident owned acreage, over the period 1994 to 2000, has experienced a fairly substantive decrease on a provincial basis, with Queens County remaining virtually unchanged and Prince and Kings Counties showing significant decreases. While still very substantial compared to most jurisdictions, when viewed in the context of the above-identified projections from previous reports, the present non-resident ownership figure of 9 percent of the Province's total acreage suggests that some level of success has been achieved in controlling non-resident ownership.

Notwithstanding this reasonable success, there are a number of areas within the Province where the percentage of non-resident owned land remains at very high levels. For example, in Cable Head West, Springbrook, Point Prim, Foxley River, Upper Bellecreek and Rock Barra, over one-third of the acreage is owned by non-residents. In another 37 school districts, non-residents own 20 percent or more of the total acreage of land within the district.

There have also been recent major increases in non-resident owned acreage in Wood Islands West, Kings County Islands, Green Road, East Point and Chelton. In addition, another 11 school districts have experienced a 7 percent or greater increase in the acreage of land owned by non-residents over the past six years.

The ongoing flow of applications for land acquisitions from non-residents, increased Internet sales activity and the natural beauty of Prince Edward Island, combined with its relatively inexpensive land, means non-resident pressure will continue to exist on the Province's land base. Recent experience in Nova Scotia would suggest that in the absence of adequate legislative and policy instruments for dealing with non-resident land acquisitions, and related ongoing monitoring, very rapid and substantial growth can take place in non-resident owned land. Prince Edward Island therefore needs to continue to be vigilant if it is to ensure that future generations of Island residents will have access to their most important resource – the Island's limited land base.

In view of the fairly rapid changes that can take place in non-resident ownership totals (e.g., 1994 to 1997 decrease) patterns and trends, the Commission proposes to put in place, with the cooperation of the Provincial Treasury on the provision of data, a more timely monitoring and reporting process on non-resident land ownership activity. The tracking and analysis of this type of information is key for Government's public policy considerations and direction on this important land ownership issue.



**Non-Resident Land Ownership
Prince Edward Island**
(Non-Resident-Owned Parcels are Shown in Red)
Base Mapping Data from
PEI Geomatics Information Centre
Base Maps Printed
December, 2000